

Message Text

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47

ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 EURE-00 AID-05 CIAE-00 COME-00

EB-07 FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04

OPIC-06 SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05

SS-15 STR-04 CEA-01 PA-02 PRS-01 L-03 H-02 /111 W

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P R 041721Z SEP 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 4400

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

USMISSION EC BRUSSELS

USMISSION NATO BRUSSELS

USMISSION OECD PARIS

USMISSION GENEVA

UNCLAS SECTION 1 OF 2 LONDON 13673

E.O.11652: N/A

TAGS: ELAB, PINT, UK

SUBJECT: NEXT 4 TO 6 MONTHS PROVIDE CRITICAL TEST OF

VICTORY FOR JONES-MURRAY PARTNERSHIP

REF: LONDON 13490, LONDON 13575 (NOTAL)

SUMMARY - THE -2 59 1 DECISION BY THE TUC YESTERDAY (SEPT
3) TO SUPPORT THE GOVERNMENT'S ANTI-INFLATION POLICY

(REFTELS) IS A VICTORY FOR THE JONES-MURRAY PARTNERSHIP

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WHICH LABORED SO HARD AND LONG TO ACHIEVE IT. BOTH MEN,

WITH CONVICTION AND ELOQUENCE, MADE THE CASE WHICH WAS ACCEPTED BY THE MAJORITY THAT THERE WAS NO ALTERNATIVE TO WAGE RESTRAINT IF THE BRITISH ECONOMY WERE TO RECOVER.
END SUMMARY

1. IN SECURING ACQUIESCENCE TO THE GOVERNMENT'S SIX POUND WAGE LIMIT MURRAY BLUNTLY TOLD THE DELEGATES THAT WAGES HAD BECOME THE "MAJOR FACTOR IN RISING PRICES." HE ARGUED THAT OPPONENTS WITHIN THE TUC OF THE GOVERNMENT'S POLICY HAD NO REALISTIC ALTERNATIVE OTHER THAN "SPENDING OUR WAY" OUT OF THE ECONOMIC CRISIS AND THEREBY FURTHER ERODING REAL LIVING STANDARDS.

2. MURRAY ALSO SERVED NOTICE ON THE GOVERNMENT THAT THE TUC WANTED THE FULL SIX POUNDS FOR EVERYONE -- EVEN IF IT MIGHT MEAN STRIKING IN ORDER TO ACHIEVE IT. ABOVE ALL, HE WARNED THAT THE TUC WOULD NOT TOLERATE "PROJECTED UNEMPLOYMENT FIGURES -- CASUALLY THROWN OUT BY THE PRESS -- OF A MILLION AND HALF OR TWO MILLION..." THE TUC, HE SAID, WAS PRESSING THE GOVERNMENT TO REFLATE THE ECONOMY SELECTIVELY AND TO INTRODUCE SELECTIVE IMPORT CONTROLS. FOR THE LONGER TERM, THE TUC SOUGHT WITH OTHER VITAL INTEREST GROUPS THE "JOINT RUNNING" WITHIN GOVERNMENT OF A NATIONAL FIVE-YEAR PLAN: "WE WANT TO SIT DOWN WITH THE GOVERNMENT TO DISCUSS AND MONITOR DEVELOPMENTS IN OUTPUT, EMPLOYMENT, INVESTMENT, EXPORTS, IMPORTS, PUBLIC SPENDING, PRICES AND DIVIDENDS, AS WELL AS PAY".

3. JONES -- IN WELL-ORCHESTRATED SUPPORT OF MURRAY'S PRESENTATION -- EMPHASIZED WHAT HE PICTURED AS THE GRIM ALTERNATIVE TO THE GOVERNMENT'S PAY POLICY: THE BRINGING DOWN OF THE LABOR GOVERNMENT. THE TRANSPORT UNION LEADER, WHO HAS STAKED HIS FORMIDABLE REPUTATION ON THIS CENTRAL THEME, TURNED BACK ARGUMENT AFTER ARGUMENT OF THE OPPOSITION WITH ELOQUENCE AND COGENCY.

4. CLIVE JENKINS (ASTMS) ATTEMPTED TO SECURE REJECTION OF THE JONES-MURRAY LINE BY ARGUING THAT THE GOVERNMENT'S

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SS-15 STR-04 CEA-01 PA-02 PRS-01 L-03 H-02 /111 W

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P R 041721Z SEP 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 4401

INFO AMEMBASSY BONN

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OAY POLICY WOULD CONTRAVENE FREE COLLECTIVE BARGAINING.
HIS EFFORT, TERMED A "TROJAN HORSE" BY MURRAY WAS TURNED
ASIDE AS WERE OTHER OPPOSITION ATTEMPTS (REFTELS). THE
MAJOR OPPOSITION THRUST CAME FROM A GROUP OF UNIONS
WHOSE SPOKESMAN WAS THE ENGINEER'S LEADER, KEN GILL.
(GILL IS ALSO A MEMBER OF THE COMMUNIST PARTY, ALTHOUGH
OF COURSE OPPONENTS OF WAGE RESTRAINT REPRESENT A VARIETY
OF POLITICAL TENDENCIES.) GILL URGED INSTEAD INCREASED
PURCHASING POWER, A SHORTER WORK WEEK, AND A 40 POUND
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MINIMUM WEEKLY WAGE.

5. COMMENT: SINCE YESTERDAY, SEVERAL TRADE UNION LEADERS WHO OPPOSED THE JONES-MURRAY LINE HAVE ALREADY INDICATED THEY WILL ABIDE BY THE CONGRESS' DECISION IN FORTHCOMING NEGOTIATIONS. SEVERAL TESTS OF THE NEW POLICY WILL THEREFORE DEVELOP LATER THIS YEAR AND EARLY NEXT YEAR. TUC LEADERS LIKE MURRAY ARE WORRIED, HOWEVER, ABOUT THE EFFECT ON UNION BEHAVIOR OF HIGHER PRICES ALREADY IN THE PIPELINE AND, IN PARTICULAR, ABOUT RISES IN UNEMPLOYMENT WHICH MAY CONTINUE TO BE RECORDED BEFORE THE GOVERNMENT'S ANTI-INFLATION POLICY HAS A CHANCE TO WORK. MANY AT BLACKPOOL VIEW THE NEXT 4 TO 6 MONTHS AS A CRITICAL TEST PERIOD, BUT FEW ARE PREPARED TO THINK BEYOND THE PROJECTED 12 MONTHS SPAN OF THE PRESENTLY AGREED ANTI-INFLATION POLICY. MANY OBSERVERS BELIEVE THAT THE GOVERNMENT WILL NEED TO CONTINUE WAGE RESTRAINT POLICIES OVER A MUCH LONGER PERIOD, BUT IF THIS IS SO, IT PRESAGES A MUCH MORE PROFOUND BATTLE WITHIN THE TUC THAN HAS BEEN EVIDENT AT THIS CONGRESS. (ALTHOUGH THE DEBATE ON THE ECONOMY HAS BEEN THE MOST VITAL ISSUE AT THIS CONGRESS, THE TUC TOOK A NUMBER OF OTHER ACTIONS WHICH WILL BE REPORTED IN LATER MESSAGES.)

RICHARDSON

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